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| **SESSION** | **NoV 2023** |
| **PROGRAM** | **BACHELOR of business administration (BBA)** |
| **SEMESTER** | **III** |
| **course CODE & NAME** | **DBB2104 – Financial management** |
| **CREDITS** | **4** |
| **nUMBER OF ASSIGNMENTS & Marks** | **02**  **30 Marks each** |

**Assignment Set – 1**

**Questions**

**1. Explain the functions of a financial manager in any organization.**

**Ans:**A finance manager is a person who is responsible for carrying out the functions of a finance department. Let us discuss the main functions of finance managers.

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**2. Calculate the present value of the following cash flows assuming a discount rate of 10% per annum.**

|  |  |
| --- | --- |
| **Year** | **Cash flows [₹]** |
| **1** | **10000** |
| **2** | **20000** |
| **3** | **30000** |
| **4** | **40000** |
| **5** | **50000** |

**Ans:Here we will use the following formula:**

**PV = FV / (1 + r %)n**

Where, FV = Future value, PV = Present value, r = rate of interest = 10%, n= time period

For calculating the present value the given cash flows, we will calculate the present values of all the years and add them up. Now,putting the values in the above equation, we get,

PV = ₹10000 / (1

**3. Explain the significance of the concept of cost of capital. Discuss different component of cost of capital with example.**

**Ans:. Investment Decisions:** When a firm has to evaluate an investment opportunity it uses the cost of capital for discount the cash flows expected from the project over its life time. Even if it uses IRR (Internal rate of return) criteria for the project selection, the IRR is compared with the overall cost of capital to take the decision. If IRR is greater than the cost of capital, then project should be accepted otherwise it should be rejected.

**2.**

**Assignment Set – 2**

**4. What are the sources of finance? Discuss the short term and long term sources of finance for the firm.**

**Ans:**A source or sources of finance, refer to where a business gets money from to fund their business activities. A business can gain finance from either internal

**5. The details regarding three companies are given below:**

|  |  |  |
| --- | --- | --- |
| **X Ltd** | **Y Ltd** | **Z Ltd.** |
| **r = 12%** | **r = 8%** | **r = 10%** |
| **Ke = 10 %** | **Ke = 10 %** | **Ke = 10 %** |
| **E = Rs. 100** | **E = Rs. 100** | **E = Rs. 100** |

**Compute the value of an equity share of each of these companies applying Walter’s formula when the dividend pay-out ratio is (a) 0%, (b) 20%, (c) 40%, d) 60%**

**Ans:**According to Waltor's Model

**6. What is Working capital management? Discuss various factors that affect working capital requirement?**

**Ans:**WC typically means the firm’s holding of current or short-term assets such as cash, receivables, inventory and marketable securities. These items are also referred to as circulating capital. Corporate executives devote considerable amount of attention to the management of WC.

**Working capital management** is related to short-term assets or current assets. This integral part of financial